

## Introduced by Senator Maldonado

February 22, 2005

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An act to amend Section 1861.10 of the Insurance Code, relating to insurance rates.

## LEGISLATIVE COUNSEL'S DIGEST

SB 717, as introduced, Maldonado. Insurance rates: intervention.

Existing law, added by Proposition 103, provides for the regulation of certain insurance rates by the Insurance Commissioner, and allows any person to initiate or intervene in hearings on insurance rates. Existing law requires the commissioner or a court to compensate certain persons who participate in these proceedings, as specified.

This bill would require the Department of Insurance to publish annually, (1) the total amount of funds paid to compensate persons for this participation, and (2) specified information with respect to each person who initiates or intervenes in ratemaking proceedings. Because the bill would amend Proposition 103, it would require a 2/3 vote in the Legislature.

Vote:  $\frac{2}{3}$ . Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 1861.10 of the Insurance Code is
- 2 amended to read:
- 3 1861.10. Consumer Participation. (a) Any person may
- 4 initiate or intervene in any proceeding permitted or established
- 5 pursuant to this chapter, challenge any action of the
- 6 commissioner under this article, and enforce any provision of this
- 7 article.

(b) The commissioner or a court shall award reasonable advocacy and witness fees and expenses to any person who demonstrates that (1) the person represents the interests of consumers, and, (2) that he or she has made a substantial contribution to the adoption of any order, regulation or decision by the commissioner or a court. Where such advocacy occurs in response to a rate application, the award shall be paid by the applicant.

(c) (1) The commissioner shall require every insurer to enclose notices in every policy or renewal premium bill informing policyholders of the opportunity to join an ~~independent~~ independent, non-profit corporation which shall advocate the interests of insurance consumers in any forum. This organization shall be established by an interim board of public members designated by the commissioner and operated by individuals who are democratically elected from its membership. The corporation shall proportionately reimburse insurers for any additional costs incurred by insertion of the enclosure, except no postage shall be charged for any enclosure weighing less than 1/3 of an ounce. (2) The commissioner shall by regulation determine the content of the enclosures and other procedures necessary for implementation of this provision. The legislature shall make no appropriation for this subdivision.

(d) *The department shall publish annually the total amount of funds paid pursuant to subdivision (b). The department shall also publish annually the following information with respect to each person who initiates or intervenes in ratemaking proceedings:*

(1) *The identity of the person.*

(2) *The specific ratemaking proceedings in which the person participated.*

(3) *The fees collected by the person for each ratemaking proceeding in which he or she participated.*